



Program Statement

OPI: FPI
NUMBER: 8531.07
DATE: 6/13/2002
SUBJECT: Plastic Card Collection
Network - FPI

1. **PURPOSE AND SCOPE.** To establish procedures for billing and collecting payments for customer orders involving the Federal Prison Industries (FPI) Plastic Card Collection Network (PCCN).

This Program Statement's scope is confined to the billing and collection process when a credit card is used for payment.

Processing credit card orders is addressed in the Customer Service Center Manual.

2. **SUMMARY OF CHANGES.** Many of the changes in this Program Statement result from the use of FPI's new integrated manufacturing/financial accounting software, **Millennium**.

This PS changes FPI's PCCN Coordinator from the Chief, Materials Management Branch to the Chief of Procurement.

The use of the Customer Service Center's (CSC) Interactive Voice Recognition system for customer orders is recognized. CSC Accounts Receivable staff are given authority to update **Millennium** parameters as necessary to maintain flexibility regarding payment methods and sales account numbers.

Requirements for shipping and destination pricing are removed. Information about partial shipments has been eliminated as well.

The revised PS specifies that inmates may not have access to any fields in **Millennium** which contain customer credit card numbers.

3. **PROGRAM OBJECTIVES.** The expected results of this program are:

a. Customer satisfaction will be increased as a result of a simplified ordering and payment process for FPI products.

b. An additional collection mechanism will be provided to FPI that will result in a reduced collection efforts and an enhanced cash position.

c. The Corporation will share in the growing government wide commercial credit card market.

4. DIRECTIVES AFFECTED

a. Directive Rescinded

PS 8531.03 FPI Plastic Card Collection Network (Accounts Receivable) (1/12/98)

b. Directives Referenced

PS 1237.11 Information Security Programs (10/24/97)

PS 8000.01 UNICOR Corporate Policies and Procedures
(5/13/81)

PS 8531.04 Overdue Accounts Receivable (3/8/99)

Treasury Financial Manual (TFM), Volume 1

5. STANDARDS REFERENCED. None

6. EXPLANATION OF TERMS

a. **Master Agreement.** A participation agreement between FPI, the Financial Management Service of the U.S. Treasury, and the financial institution that establishes the terms and conditions of FPI's PCCN participation.

b. **Financial Institution.** A depository and financial agent of the U.S. Government authorized by the Department of Treasury Financial Management Service to perform card collection services for FPI.

c. **Credit Card Network.** The staff operated computer system that is linked with the credit card company and the financial institution listed in the Master Agreement.

7. AGENCY PARTICIPATION AGREEMENT AND RESPONSIBILITY. An Agency Participation Agreement has been signed by Treasury, FPI, and one of the selected financial institutions that establishes the terms and conditions of FPI's participation in the Master Agreement.

- The Chief, Procurement Branch, is FPI's PCCN Coordinator (PC). This official oversees the Master Agreement's technical administrative aspects.

The PC is the point of contact between the Treasury and the financial institution for the Corporation.

- The PCCN for FPI is to be administered from Federal Medical Center (FMC) Lexington, Kentucky.
- The Deputy Controller, Centralized Accounts Receivable Section and the Administrator for the Customer Service Center (CSC) at FMC Lexington have direct overall responsibility for the PCCN's daily operation.

8. **OVERVIEW.** When a customer places an order with FPI and indicates payment will be made via credit card, the customer will be transferred to the CSC's Interactive Voice Recognition (IVR) system.

- The IVR allows the customer to enter his or her credit card information and expiration date using his or her telephone keypad.
- This information is then transferred through a middleware solution to the financial institution, which verifies whether the customer's credit card has enough credit to complete the payment (pre-authorization).
- The result of the preauthorization is relayed back to **Millennium**, and the customer's credit card information is stored for use when the ordered items are shipped.

When a customer credit card order is shipped, the Accounts Receivable Section staff initiates the collection process by performing the invoicing function in **Millennium**.

- Once the process has been initiated, the credit card processing system will perform the billing and collection process from **Millennium** automatically, through the middleware software, to the processing facility.
- The processing facility will, in turn, present the collection information to the financial institution, which will make the appropriate entries to the Treasury for UNICOR.

- The middleware software will then return the collection information to **Millennium**, the receivable will be automatically liquidated, and an entry will be made to the appropriate cash account in **Millennium**.

When a collection cannot be completed for any reason (i.e., the card is no longer valid or the charge is above the cardholder's credit limit), the middleware will hold this information in a suspense file for Accounts Receivables staff to review and resolve.

To ensure that the correct amounts were billed and collected, Accounts Receivable staff will compare and reconcile the Treasury Cashlink report with **Millennium** invoicing and deposit reports daily.

9. **MILLENNIUM PARAMETERS.** To comply with the requirements of the PCCN and related accounting directives, Accounts Receivable staff have the authority to update the parameters within **Millennium**. This is necessary because of the flexibility needed to switch from a variety of payment methods and sales account numbers in a short period of time.

10. **INVOICING.** Although no invoice is to be sent to the customer, the Accounts Receivable section will invoice credit card orders through the **Millennium** system to initiate the credit card collection and settlement process and record the results of the transaction.

11. **COLLECTIONS.** Accounts Receivable staff at FMC Lexington are to access the Cash Link system and print the Deposit Detail and/or Summary reports. These reports are the source documents required for balancing and reconciling the credit card receipts and deposits.

- The deposit is a debit entry to 111020 (Cash Receipts: Credit Card) and a credit entry to 132000 (Accounts Receivable: Credit Card).
- This journal entry must agree with Treasury's Cash Link system report for the deposit.

12. **RECONCILIATION.** The Deputy Controller over the Accounts Receivable Section is to ensure that a subsidiary ledger is maintained for 132000 (Accounts Receivable: Credit Card) and is reconciled to the general ledger account at least monthly.

- Credit card collections and related reports must be incorporated into the monthly cash reconciliation.

13. **CREDIT CARD INFORMATION ACCESS.** Under no circumstances will any inmate be allowed access to any data file or hard copy document that contains references to customer credit card numbers.

- All data fields in **Millennium** that contain credit card information must be restricted from view of all inmates.
- Only staff with a direct need to process the information will have access to those fields.

/s/

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Director